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6 Attorneys for Chapter 7 Trustee
RICHARD A. MARSHACK

7 UNITED STATES BANKRUPTCY COURT

8 CENTRAL DISTRICT OF CALIFORNIA – SANTA ANA DIVISION

9
10 In re
11 NORTHERN HOLDING, LLC,
12 Debtor.

Case No. 8:20-bk-13014-SC

Chapter 7

13 STIPULATION BETWEEN CHAPTER 7
14 TRUSTEE AND AGWEST FARM CREDIT,
FCLA RE: RESOLUTION OF CREDITOR'S
OBJECTION TO CONTEMPT
15 STIPULATION

Continued Hearing on OSC:

16 Date: June 14, 2023 (advanced)
17 Time: 11:00 a.m.
Ctrm: 5C – Via ZoomGov
18 Address: 411 W. Fourth Street, Santa Ana, CA
92701
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1 TO THE HONORABLE SCOTT C. CLARKSON, UNITED STATES BANKRUPTCY JUDGE,
2 THE OFFICE OF THE UNITED STATES TRUSTEE, AND ALL INTERESTED PARTIES:

This stipulation (“Stipulation”) is entered into between Richard A. Marshack, in his capacity as Chapter 7 Trustee (“Trustee”) of the bankruptcy estate (“Estate”) of Northern Holding, LLC (“Debtor”), and AgWest Farm Credit, FLCA (“FCW”)¹ (together, the “Parties”), regarding the following:

Recitals

8 A. On October 28, 2020, Debtor filed a voluntary petition for bankruptcy under Chapter
9 11 of Title 11 of the United States Code, initiating the above-captioned bankruptcy case.

10 B. On March 22, 2021, FCW filed a proof of claim. FCW is the largest creditor of the
11 Estate.

12 C. On June 15, 2021 (“Conversion Date”), the case was converted to Chapter 7. Richard
13 A. Marshack was appointed as the Chapter 7 trustee of the converted case.

14 D. On April 1, 2022, as Dk. No. 304, Trustee filed a motion for issuance of an order to
15 show cause re: civil contempt (“OSC Motion”). The OSC Motion was directed to the former
16 managing member of the Debtor and farm operator, Leroy Codding (“Codding”). In the OSC
17 Motion, Trustee alleged that Codding misappropriated funds of the Estate (including funds derived
18 from the sale of FCW’s collateral).

19 E. On October 26, 2022, as Dk. No. 359, the Court entered an order to show cause
20 against Codding (“OSC”), setting an evidentiary hearing for February 16, 2023.

21 F. On May 11, 2023, the Court conducted a hearing on the OSC, and testimony of
22 witnesses was presented both in person and over ZoomGov. At the conclusion of the hearing, the
23 Parties entered into stipulated terms to resolve the OSC, which were read into the record.

24 G. On May 12, 2023, as Dk. No. 394, Trustee filed a stipulation signed by Codding
25 (“Contempt Stipulation”). The Contempt Stipulation included a provision regarding the partial
26 allocation of payments from Codding. See Contempt Stipulation ¶ 7. Trustee also filed a notice of

²⁸ ¹ AgWest Farm Credit, FLCA is the successor to Farm Credit West, FLCA, referred to as “FCW” in the Stipulation and the Order.

1 lodgment with a proposed order granting the Contempt Stipulation (“Proposed Order”). Dk. No. 395.

2 H. On May 16, 2023, as Dk. No. 397, FCW filed an objection (“Objection”) to the
3 Contempt Stipulation regarding paragraph 7 of the Contempt Stipulation, and paragraph 10 of
4 Trustee’s lodged order approving the Contempt Stipulation.

5 I. Immediately after the filing of the Objection, Trustee and FCW drafted and were in
6 the process of revising a stipulation to resolve the Objection. A signature version of the stipulation
7 was circulated on May 19, 2023.

8 J. On May 23, 2023, as Dk. No. 401, the Court entered an order requiring the parties to
9 submit a joint stipulation addressing the outstanding issues (“May 23rd Order”).

10 K. This Stipulation fully resolves the Objection by FCW, which Objection is referenced
11 in the May 23rd Order. This Stipulation, therefore, is intended to obviate the need for a hearing on
12 the Objection by FCW or any joint stipulation addressing the parties’ respective contentions.

13 L. The Parties, therefore, request that the Court approve this Stipulation and thereby
14 (a) vacate the hearing on the Objection by FCW, (b) vacate the requirement that the Parties prepare
15 and file a joint statement, and (c) excuse FCW from appearing at the June 14, 2023, OSC.

16 M. By close of business on June 1, 2023, Codding did not tender any payment to Trustee.

17 N. It is unknown at this time whether Codding will pay any amounts, and therefore the
18 issue of whether such potential future payments might constitute FCW collateral proceeds or not is
19 not yet ripe. Indeed, if Codding makes no payments, the Parties believe the potential dispute
20 between the Trustee and FCW over this issue will be moot. And if Codding does make payments as
21 required, then, but only then, will the issue of whether such payments constitute FCW collateral be
22 ripe. And, in that case, the Parties will want to explore the possibility of consensual resolution
23 without unnecessarily incurring fees or costs.

24 O. Based on the foregoing, the Parties request that the Court approve this Stipulation and
25 thereby (a) vacate the June 14, 2023, hearing, at least with respect to the Objection by FCW which is
26 being resolved by this Stipulation, (b) vacate the requirement that the Parties prepare and file a joint
27 statement, and (c) excuse FCW from appearing at the June 14, 2023, OSC.

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STIPULATION

WHEREFORE, the Parties agree as follows:

1. The Trustee hereby withdraws the Proposed Order.
 2. The Parties consent to entry of the form of order attached as **Exhibit 1**.
 3. The June 14, 2023, hearing on FCW's Objection is VACATED.
 4. The requirement that the Parties file a joint statement is VACATED.
 5. FCW is excused from, but not excluded from, appearing at the June 14, 2023, OSC.
 6. This Stipulation may be executed in one or more counterparts and facsimile or
onic signatures may be used in filing this document with the Court.

SO STIPULATED.

Dated: June 1, 2023

MARSHACK HAYS LLP

By: /s/ Tinho Mang

D. EDWARD HAYS

BY TINHO MANG

**Attorneys for Chapter 7 Trustee
RICHARD A. MARSHACK**

Dated: June 1, 2023

FRANDZEL ROBINS BLOOM & CSATO, L.C.

By:

MICHAEL GOMEZ
GERRICK WARRINGTON
Attorneys for Creditor
AGWEST FARM CREDIT, FLC

EXHIBIT 1

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2 TINHO MANG, #322146
2 tmang@marshackhays.com
3 MARSHACK HAYS LLP
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6 Attorneys for Chapter 7 Trustee
6 RICHARD A. MARSHACK

7 UNITED STATES BANKRUPTCY COURT

8 CENTRAL DISTRICT OF CALIFORNIA – SANTA ANA DIVISION

9
10 In re
11 NORTHERN HOLDING, LLC,
12 Debtor.

Case No. 8:20-bk-13014-SC

Chapter 7

13 ORDER APPROVING STIPULATION
14 BETWEEN CHAPTER 7 TRUSTEE AND
AGWEST FARM CREDIT, FCLA RE:
RESOLUTION OF CREDITOR'S OBJECTION
TO CONTEMPT STIPULATION

15 Continued Hearing on OSC:

16 Date: June 14, 2023
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19 Address: 411 W. Fourth Street, Santa Ana, CA
92701

20 On May 11, 2023, the Court conducted an in-person evidentiary hearing on the matter of the
21 Order to Show Cause entered on October 26, 2022, as Docket No. 359 (“OSC”). Tinho Mang of
22 Marshack Hays LLP appeared on behalf of the Chapter 7 Trustee and moving party, Richard A.
23 Marshack (“Trustee”), who was also present. Respondent Leroy E. Codding, IV (“Respondent”)
24 appeared in pro per. Respondent presented an oral motion for an emergency continuance of the
25 hearing, which was denied. The Court heard opening statements of the parties and witnesses were
26 called and examined by Trustee. At the conclusion of the day’s proceedings, the Court indicated that
27 it was inclined to continue the matter for further testimonial evidence. Prior to the hearing being
28 adjourned, Trustee and Respondent stated terms in principle for an agreement to resolve the OSC.

1 The hearing was continued to June 15, 2023, at 11:00 a.m.

2 The Court has reviewed the stipulation (“Stipulation”) entered into between Richard A.
3 Marshack, in his capacity as Chapter 7 Trustee of the bankruptcy estate (“Estate”) of Northern
4 Holding, LLC (“Debtor”), and Leroy Emerson Codding, IV (“Codding”), an individual in his
5 individual capacity and in his capacity as the managing member of Fluid Wine Fund I, LLC, a
6 Nevada limited liability company and as chief executive officer of Rabbit Ridge Wine Sales, Inc., on
7 the other hand, filed on May 12, 2023, as Docket No. 394.

8 The Court has also reviewed the *Stipulation Between Chapter 7 Trustee And Agwest Farm*
9 *Credit, FCLA Re: Resolution Of Creditor’s Objection To Contempt Stipulation* (Docket No. 401)
10 (“FCW Stipulation” and together with the Stipulation, the “Stipulations”).

11 Good cause appearing, the Court enters its order as follows:

12 IT IS ORDERED:

13 1. The Stipulations are APPROVED and incorporated herein, except for paragraph 7 of
14 the Stipulation (Docket No. 394), which is hereby STRICKEN in its entirety and not incorporated
15 into this order or approved.

16 2. The Court hereby retains jurisdiction to interpret and enforce the Stipulations and this
17 Order approving them.

18 3. Leroy E. Codding, IV, Fluid Wine Fund I, LLC (“FWF”), and Rabbit Ridge Wine
19 Sales, Inc. (“Rabbit Ridge”) have joint and several liability for payment of \$140,000 to the
20 Bankruptcy Estate of Northern Holding, LLC.

21 4. Codding shall have no claim of any kind against the Estate, the Trustee, and/or
22 Trustee’s professionals and agents.

23 5. FWF shall have no claim of any kind against the Estate, the Trustee, and/or Trustee’s
24 professionals and agents.

25 6. Rabbit Ridge shall have no claim of any kind against the Estate, the Trustee, and/or
26 Trustee’s professionals and agents.

27 7. By May 17, 2023, at 11:59 p.m. Pacific Prevailing Time, Codding shall provide to
28 Trustee a full and complete list of any and all vendors, contractors, and invoices which have not

1 been paid in full for any work solely for maintaining and harvesting grapes from the Properties from
2 August 1, 2021 through November 1, 2021 (“Operating Period”), and shall provide contact
3 information for each vendor, contractor, and invoice, and a copy of such invoice. If vendors,
4 contractors, or invoices are included which DO NOT arise from farming operations for the
5 Operating Period (but are instead for, e.g., wine processing, marketing, or handling of non-Estate
6 property), this may serve as the basis for a separate contempt proceeding. If Codding has not
7 provided a list of vendors, contractors, and invoices, the Court shall enter an order adjudicating
8 Codding in civil contempt and consider the imposition of appropriate compensatory and coercive
9 sanctions, including the award of compensatory damages including reasonable attorneys’ fees, or
10 civil incarceration to coerce Codding to comply with the Court’s orders.

11 8. If \$100,000 is received by the Estate on behalf of Codding, FWF, or Rabbit Ridge by
12 11:59 p.m. Pacific Prevailing Time on June 1, 2023, either in the form of certified funds or verified
13 funds, the remaining balance owed to the Estate shall be waived.

14 9. If \$140,000 is not received by the Estate by 11:59 p.m. Pacific Prevailing Time on
15 June 14, 2023, either in the form of certified funds or verified funds, the Court shall enter an order
16 adjudicating Codding in civil contempt and consider the imposition of appropriate compensatory and
17 coercive sanctions, including the award of compensatory damages including reasonable attorneys’
18 fees, or civil incarceration to coerce Codding to comply with the Court’s orders.

19 10. If payment is not timely made by June 15, 2023, or if there is a material default in the
20 Stipulation, Trustee may lodge a judgment to aid in enforcement of any unpaid funds or
21 unperformed obligation owed under this Stipulation, under terms consistent with this Order.

22 11. The funds received by Trustee from Codding shall be received and deposited by
23 Trustee, to be held pending further order of the Court.

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1 12. Trustee and Respondent shall appear via ZoomGov on June 14, 2023, at 11:00 a.m.,
2 for a continued hearing on the OSC and to advise the Court regarding the status of the obligations
3 under this Stipulation. FCW is not required to attend such hearing.

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PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 870 Roosevelt, Irvine, CA 92620

A true and correct copy of the foregoing document entitled: **STIPULATION BETWEEN CHAPTER 7 TRUSTEE AND AGWEST FARM CREDIT, FCLA RE: RESOLUTION OF CREDITOR'S OBJECTION TO CONTEMPT STIPULATION** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On June 2, 2023, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

Service information continued on attached page

2. SERVED BY UNITED STATES MAIL: On June 2, 2023, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

DEBTOR

NORTHERN HOLDING, LLC
ATTN: OFFICER, A MANAGING OR GENERAL
AGENT, OR TO ANY OTHER AGENT
AUTHORIZED BY APPOINTMENT OR LAW TO
RECEIVE SERVICE
13217 JAMBOREE RD #429
TUSTIN, CA 92782

INTERESTED PARTY

LEE CODDING
13217 JAMBOREE ROAD,
#429
TUSTIN, CA 92782

SECURED CREDITOR / PROOF

OF CLAIM 4-1 ADDRESS
FARM CREDIT WEST, FCLA
FRANDZEL ROBINS BLOOM &
CSATO, L.C.
ATTENTION: MICHAEL GOMEZ
1000 WILSHIRE BOULEVARD,
19TH FLOOR
LOS ANGELES, CA 90017

**SECURED CREDITOR / PROOF OF
CLAIM 4-1 ADDRESS**

FARM CREDIT WEST, FCLA
ATTENTION: KEVIN E. RALPH
3755 ATHERTON DRIVE
ROCKLIN, CA 95765

SECURED CREDITOR

FARM CREDIT WEST
ATTN: OFFICER, A
MANAGING OR GENERAL
AGENT, OR TO ANY OTHER
AGENT AUTHORIZED BY
APPOINTMENT OR LAW TO
RECEIVE SERVICE
3755 ATHERTON RD
11707 FAIR OAKS BLVD
ROCKLIN, CA 95765

Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL: Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on June 2, 2023, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

VIA PERSONAL DELIVERY:

PRESIDING JUDGE'S COPY
HONORABLE SCOTT C. CLARKSON
US BANKRUPTCY COURT
411 WEST FOURTH STREET, SUITE 5-097
SANTA ANA, CA 92701-4593

Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

June 2, 2023

Layla Buchanan

Date

Printed Name

/s/ Layla Buchanan

Signature

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

1. **TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): CONTINUED:**

- **William H Brownstein** Brownsteinlaw.bill@gmail.com
- **Steve Burnell** Steve.Burnell@gmlaw.com, sburnell@ecf.courtdrive.com;sburnell@ecf.inforuptcy.com;cheryl.caldwell@gmlaw.com;denise.walker@gmlaw.com
- **ATTORNEY FOR INTERESTED PARTY LEE CODDING: Robert P Goe** kmurphy@goeforlaw.com, rgoe@goeforlaw.com;goeforecf@gmail.com
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- **United States Trustee (SA)** ustpregion16.sa.ecf@usdoj.gov
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- **Gerrick Warrington** gwarrington@frandzel.com, achase@frandzel.com
- **David Wood** dwood@marshackhays.com, dwood@ecf.courtdrive.com;lbuchananmh@ecf.courtdrive.com;kfrederick@ecf.courtdrive.com

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